



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0081	Title:	Study long-term impacts of budget and demographics driving costs
Primary Sponsor:	Lake, Bob	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:					
General Fund	\$5,000	\$258,015	\$107,091	\$0	\$0
Revenue:					
General Fund	\$0	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$5,000)</u>	<u>(\$258,015)</u>	<u>(\$107,091)</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact:

HB 81 creates a legislative committee to conduct a study of long-term effects of demographic, economic, social and other trends on state and local government programs. The fiscal impact relates to committee and support costs.

House Bill 81 is one of several bill drafts that seek to create additional legislative committees. The fiscal note for each bill is prepared based on the effect of the individual bill. However, when viewed as a package, the cumulative effect of passage of more than one bill will require additional analysis and may provide opportunities to share or redistribute costs.

FISCAL ANALYSIS

Assumptions:

Legislative Branch

1. The committee would consist of 8 legislative members.
2. As authorized in 5-2-302, MCA, committee members are entitled to compensation and reimbursement of expenses.
3. All committee meetings would be held in Helena.

4. The Legislative Services Division (LSD) would hire, for 15 months of the legislative interim, one temporary entry-level research analyst to assume duties which would be deferred by experienced staff in order to complete this study. The division cost for 15 months would be \$88,567.
5. The Legislative Fiscal Division (LFD) would hire, for 15 months of the legislative interim, one temporary entry-level fiscal analyst to assume duties which would be deferred by experienced staff in order to complete this study. The division cost for 15 months would be \$86,443.
6. The LSD and LFD would each incur increased costs for space rental of \$2,261, and one-time costs of \$3,000 for a computer and office furniture.
7. The LSD would contract for secretarial support to provide an accurate record of committee action. The total cost is dependent on the level of committee activity.
8. Committee work would be complete and a final report issued on or before December 1, 2010.
9. Existing appropriations in HB 81 would support the following level of committee activity:
 - a. One committee meeting during fiscal year 2009 (\$5,000).
 - b. Six 1-day meetings and two 2-day meetings during the 2011 biennium. Compensation and expense reimbursement would total \$27,015.
 - c. A contracted services budget of \$73,350 to obtain subject-matter experts.
 - d. Operational costs (photocopy, supplies, postage) totaling \$2,703.
 - e. Contracted secretarial costs of \$6,400.
10. An alternate level of committee activity other than outlined in #9 would require re-evaluation of associated costs.

Department of Revenue

11. Although there is not an appropriation in the bill for the Department of Revenue (DOR), the DOR would have costs to provide assistance in various ways to the interim legislative committee.
12. The inventory and analysis framed in Section 1 is expected to require work by several units in DOR, including Business and Income Taxes, Citizen Services & Resource Management, Information Technology and Processing, Liquor Division, and the Property Assessment Division. In addition Tax Policy and Research will be coordinating, collecting, and summarizing the data. Administrative support is anticipated for this project over the two fiscal years. Total estimated work hours for this project are 2,080 or the equivalent of 1.00 FTE.
13. The costs associated with 1.00 FTE are assumed to be evenly distributed between the two fiscal years, or 0.50 FTE in FY 2010 and 0.50 FTE in FY 2011.
14. Personal service costs of \$32,082, annual operating costs of \$1,796, and one-time only operating costs of \$1,950 are estimated for FY 2010. Total costs for FY 2010 are \$35,828. For FY 2011 personal service costs are \$32,082 and annual operating costs are \$2,196. Total costs for FY 2011 are \$34,278.
15. In the Section 1(12):
 - a. DOR is to provide available state individual income tax return data with age, and possibly geographic region, to the Legislative Fiscal Division (LFD) and the Office of Budget and Program Planning (OBPP).
 - b. If, at the direction of the committee, the DOR provides individual income tax data to a person other than the LFD or OBPP, the DOR must aggregate the data or otherwise take measures to avoid disclosing any individual taxpayer's data.
 - c. DOR will provide an estimate of the statistical validity of the information provided to the LFD, OBPP, and others.
 - d. DOR may not provide any federal tax information to any person.
16. For the purposes of this fiscal note, the work detailed in section 1(12) of the proposed legislation is assumed to be handled with the existing resources of Tax Policy and Research. Therefore no additional costs are estimated for this work.

Legislative Branch

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>					
FTE	0.00	2.00	2.00	0.00	0.00
<u>Expenditures:</u>					
Personal Services	\$1,096	\$137,812	\$46,685	\$0	\$0
Operating Expenses	\$3,904	\$84,375	\$26,128	\$0	\$0
TOTAL Expenditures	\$5,000	\$222,187	\$72,813	\$0	\$0
<u>Funding of Expenditures:</u>					
General Fund (01)	\$5,000	\$222,187	\$72,813	\$0	\$0
TOTAL Funding of Exp.	\$5,000	\$222,187	\$72,813	\$0	\$0
<u>Revenues:</u>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0	\$0

Department of Revenue

	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>					
FTE	0.00	0.50	0.50	0.00	0.00
<u>Expenditures:</u>					
Personal Services	\$0	\$32,082	\$32,082	\$0	\$0
Operating Expenses	\$0	\$1,796	\$2,196	\$0	\$0
Equipment	\$0	\$1,950	\$0	\$0	\$0
TOTAL Expenditures	\$0	\$35,828	\$34,278	\$0	\$0
<u>Funding of Expenditures:</u>					
General Fund (01)	\$0	\$35,828	\$34,278	\$0	\$0
TOTAL Funding of Exp.	\$0	\$35,828	\$34,278	\$0	\$0
<u>Revenues:</u>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	(\$5,000)	(\$258,015)	(\$107,091)	\$0	\$0

Technical Notes:**Legislative Branch**

- Each legislative division is assigned a separate budgetary approving authority in statute. For the 2011 biennium, HB 81 provides a \$220,000 appropriation to the legislative services division and a \$75,000 appropriation to the legislative fiscal division. A reduction of \$16,704 in appropriation authority from the LSD and an increase of \$16,704 in appropriation authority to the LFD would address the need for budgetary adjustments by both approving authorities.

Department of Revenue

- This bill requires amendment to incorporate the DOR's existing statutory authority under 2-7-105, MCA.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date